

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In Re:

DELPHI CORPORATION, *et al*,

Debtors.

Chapter 11

Case No. 05-44481 (RDD)

(Jointly Administered)

**RESPONSE OF PORT CITY METAL PRODUCTS, INC. TO
DEBTORS' THIRTY-SECOND OMNIBUS OBJECTION PURSUANT TO 11 USC
502(B) AND FED. R. BANKR. P. 3007 REGARDING (A) ASSERTED AMOUNT
CLAIMS, (B) CLAIMS SUBJECT TO MODIFICATION, AND (C) CLAIMS TO
BE EXPUNGED**

Port City Metal Products, Inc., an affiliate of Port City Group, by counsel
Parmenter O'Toole, tenders the following response to the Debtor' Thirty-Second
Omnibus Claims Objection, dated November 14, 2008, as follows:

1. Prior to the filing of the petitions for relief in these cases, Port City Metal Products, Inc. supplied goods pursuant to several requirements contracts to one or more of the Debtors ("the Prepetition Goods"). Port City Metal Products, Inc. continues to supply goods to the Debtors postpetition.
2. Port City Metal Products, Inc. supplied the Prepetition Goods pursuant to three written purchase orders generated by the Debtors. The purchase orders were numbered 9571-48144, 9571-48145, and 9571-48147 ("Purchase Orders") and were each issued on November 4, 2005. Each listed the buyer as "Delphi Mechatronic Systems."

3. On July 28, 2006, Port City Metal Products, Inc. timely filed a secured¹ proof of claim on account of amounts owed to it for the Prepetition Goods, in the amount of \$5,738.00. The claim was filed against Debtor Mechatronic Systems, Inc., Case No. 05-44567, and was assigned claim number 12190.

4. The claim was accompanied by an “Explanation of Proof of Claim” that listed the Purchase Order numbers, and explained that Port City Metal Products, Inc. believed that the Purchase Order had originated with Delphi Mechatronic Systems, Inc. The proof of claim, explanation, and supporting documentation are not reproduced here, having been previously filed with the Court.

5. The Debtors have now objected to claim number 12190, filed against Delphi Mechatronic Systems, Inc. and seek to modify Port City Metal Products’ claim from a secured claim in the amount of \$5,738.00 to an unsecured claim of \$5,738.00. By the absence of a listing of a different entity in the “claim as modified” column, Debtors apparently do not seek to modify the entity against whom the claim was asserted.

6. The Debtors’ purported basis for modification is that Port City Metal Products’ claim is an “asserted amount claim.” The claim is listed on “Exhibit A” to Debtors’ Thirteenth Thirty-Second Objection.

7. While the Debtors’ objection indicates that claims listed on Exhibit A should be allowed at the amounts set forth on the applicable Proofs of Claim, Exhibit A’s specific reference to Port City Metal Products’ claim seeks to modify Port City Metal Products’ from a secured claim of \$5,738.00 to an unsecured claim of \$5,738.00.

¹ Port City Metal Products, Inc. has claimed a lien by virtue of Michigan’s Special Tools Lien Act on certain tooling in its possession that is owned by one or more of the Debtors.

8. A proof of claim constitutes prima facie evidence of the validity and amount of a claim. Fed. R. Bankr. P. 3002(f).

9. Debtors bear the burden of producing “substantial evidence” to overcome the accuracy of the claim. In re Townview Nursing Home, 28 B.R. 431, 443 (Bankr. S.D.N.Y. 1983).

10. Port City Metal Products’ claim is based on its production of parts for Debtors prepetition. Pursuant to Michigan’s Special Tools Lien Act, MCL 570.541 et seq., Port City Metal Products, Inc. as an “end user” retains a lien on special tools in its possession owned by Debtors, and believed to have a value of approximately \$51,200.00, to secure payment of the amount owed to it prepetition.

11. Debtors’ objection fails to explain how Debtors intend to avoid the operation of the Special Tools Lien Act.

WHEREFORE, Port City Metal Products, Inc. requests that this Court deny the Debtors the relief they have sought, allow Port City Metal Products’ claim as filed, and grant Port City Metal Products, Inc. such additional relief as the Court determines is just and proper.

Dated: December 9, 2008

PARMENTER O’TOOLE

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